

NATIONAL SEWER PIPE LIMITED
AMENDED BALANCE SHEET
AS AT OCTOBER 31st, 1963
AND
CAPITAL SURPLUS
AND
AMENDED STATEMENT OF PROFIT AND LOSS
AND EARNED SURPLUS
FOR THE YEAR ENDED OCTOBER 31st, 1963

AMENDED BALANCE SHEET AS AT OCTOBER 31, 1963

ASSETS			
CURRENT			
Cash		\$ 15,337	
Investments — at cost (market value \$1,494,757)		1,249,131	
Accounts receivable less allowance for doubtful accounts		402,997	
Inventory of merchandise and supplies at lower of cost or market value		520,967	
			\$2,188,432
SUNDRY RECEIVABLES			
Negley Clays, Inc. and/or Ryland H. New (Liability to the Company for this item not admitted by either party)	\$ 75,414		
Ryland H. New — Director	10,842		
Ryland J. New — Director	13,859		100,115
OTHER			
Cash, bonds and debentures held by the Trustee for the Bondholders	\$ 57,768		
Shares at cost (no quoted market value)	200,000		
Investments in (at cost) and advances to subsidiary companies	299,167		556,935
FIXED			
Land, buildings and equipment — cost	\$4,622,040		
Less:			
Accumulated depreciation and depletion	3,577,319		1,044,721
			<u>\$3,890,203</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued charges		\$ 338,222	
Federal and provincial income taxes		285,493	
Bond and debenture interest accrued		16,793	
			\$ 640,508
FUNDED DEBT — to mature January 2, 1973			
5½% first mortgage bonds	\$ 638,000		
6½% debentures	235,200		873,200
CAPITAL STOCK			
Authorized			
75,000 non-cumulative preference shares of the par value of \$15.00 each redeemable at par			
75,000 common shares without nominal or par value			
Issued			
63,195 preference shares	\$ 947,925		
29,315 redeemed prior years	\$ 439,725		
4,202 redeemed current year	63,030		
33,517	\$ 502,755		
29,678 outstanding	\$ 445,170		
53,195 common shares	61,097		
		\$ 506,267	
CAPITAL SURPLUS		599,553	
EARNED SURPLUS		1,270,675	2,376,495
Approved on behalf of the Board of Directors:			<u>\$3,890,203</u>
RYLAND J. NEW, <i>Director</i>			
JOHN J. FITZPATRICK, <i>Director</i>			

AUDITORS' REPORT

We have examined the amended balance sheet of NATIONAL SEWER PIPE LIMITED as at October 31, 1963, and the surplus for the year ended on that date. Our examination included a general review of the accounts and the results of the operations considered necessary in the circumstances.

The financial statements of the subsidiary companies have not been consolidated for the year ended on that date. The business of the other two subsidiaries differ considerably from that of the parent company.

The company's share of the aggregate profits of its subsidiary companies for the year ended on that date amounted to \$350,183, no part of which has been included in the amended balance sheet.

In our opinion, subject to the foregoing the above amended balance sheet and the accompanying notes present fairly the financial position of the company as at October 31, 1963 and the results of its operations for the year ended on that date applied on a basis consistent with that of the preceding year.

Toronto, October 4th, 1965.

R PIPE LIMITED

CAPITAL SURPLUS FOR THE YEAR ENDED OCTOBER 31, 1963

Capital surplus, November 1, 1962		\$ 524,806
<i>Add</i>		
Discount on bonds and debentures	\$ 600	
Profit on sale of land	38,948	
Profit on sale of investments	35,199	74,747
Capital surplus, October 31, 1963		<u>\$ 599,553</u>

AMENDED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED OCTOBER 31, 1963

Earned surplus, November 1, 1962		\$1,238,534
Net operating loss for the year after directors' fees in the amount of \$7,200 and after making a provision for depreciation of \$60,000 which is approximately one-half of the maximum amount allowable for income tax purposes	\$ 32,673	
<i>Deduct</i>		
Sundry revenue	60,902	
	<u>\$ 28,229</u>	
Income tax adjustment as a result of applying the current year's loss as determined under the provisions of the Income Tax Act (Canada) against the previous year's profit	21,162	
Net profit for the year		49,391
		<u>\$1,287,925</u>
Adjustment of prior years' net income		
Additional income taxes and interest thereon (Note 1)	\$281,738	
<i>Less</i>		
Amounts transferred from expense to fixed assets	\$148,363	
Amounts transferred from expense to accounts receivable		
Negley Clays, Inc., and/or Ryland H. New	\$75,414	
Ryland H. New <i>SR 7.7</i>	10,842	
Ryland J. New <i>JA</i>	13,859	100,115
Other Adjustments	<u>16,010</u>	<u>264,488</u>
Earned surplus, October 31, 1963		<u>\$1,270,675</u>

Note 1 — Income tax adjustments have been made to reflect liability as reported by the Department of National Revenue. Certain items remain in dispute and may be subject to adjustment.

THE SHAREHOLDERS

October 31, 1963 and the amended statements of profit and loss and earned surplus and capital surplus and such tests of accounting records and other supporting evidence as we have obtained from the company and its subsidiaries to substantiate our opinion that there is a substantial minority interest in one of the subsidiaries and the nature of such interest. The aggregate undistributed income of the company as at October 31, 1963 amounted to \$58,605. The company's share of the aggregate undistributed income in the parent company's accounts. The amended statements of profit and loss and earned surplus and capital surplus present a true and fair view of the financial position of the company for the year ended on that date, in accordance with generally accepted accounting principles.

WINSPEAR, HIGGINS, STEVENSON & DOANE,
Chartered Accountants.

Amended
ANNUAL REPORT

of

NATIONAL SEWER PIPE LIMITED

October 31, 1963

DIRECTORS

RYLAND H. NEW
President and General Manager

RYLAND J. NEW, B.A.Sc.
Vice-President

HOWARD A. HALL, Q.C.
Secretary and Treasurer

JOHN J. FITZPATRICK, Q.C.

HELEN ISABEL NEW, C.B.E.
